

BA25
-41F61
Ottawa Bureau

Canada. Munitions and Supply, Dept. of, Economics
and Statistics Branch
(DEPARTMENT OF MUNITIONS AND SUPPLY)
(ECONOMICS AND STATISTICS BRANCH)

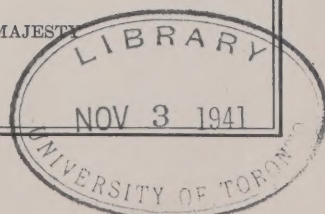
25
1

PRIORITIES AND CONTROLS IN CANADA

Published under the authority of the Minister of Munitions
and Supply, Hon. C. D. Howe.



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1941



Nervous Ottawa Bureau

*Canada. Munitions and Supply, Dept. of, Economics
and Statistics Branch*

(DEPARTMENT OF MUNITIONS AND SUPPLY)

(ECONOMICS AND STATISTICS BRANCH)

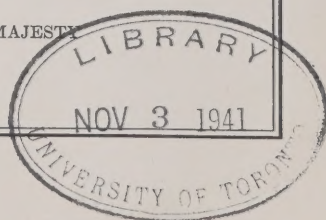
CA1 SA 25
-41P61


PRIORITIES AND CONTROLS IN CANADA

Published under the authority of the Minister of Munitions
and Supply, Hon. C. D. Howe.



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1941





Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

<https://archive.org/details/31761117092841>

DEPARTMENT OF MUNITIONS AND SUPPLY
ECONOMICS AND STATISTICS BRANCH

PRIORITIES AND CONTROLS IN CANADA

Published under the authority of the Minister of Munitions
and Supply, Hon. C. D. Howe.



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1941

DEPARTMENT OF MUNITIONS AND SUPPLY
OTTAWA, CANADA

OCTOBER 1, 1941.

The Honourable C. D. HOWE,
Minister of Munitions and Supply,
Ottawa, Canada.

SIR,—I beg to present herewith a memorandum on "Priorities and Controls in Canada," prepared in co-operation with the Priorities Officer, the various Controllers and the Wartime Prices and Trade Board.

Respectfully submitted,

H. CARL GOLDENBERG,
*Associate Director-General,
Economics and Statistics Branch.*

CONTENTS

	PAGE
I. MACHINERY OF CONTROL.....	7
II. PRESENT STATUS OF PRIORITIES AND CONTROLS.....	8
A. <i>The System of Priorities</i>	8
B. <i>War Supplies</i>	9
1. Iron and Steel.....	9
2. Non-Ferrous Metals.....	9
(i) Aluminum.....	10
(ii) Nickel.....	10
(iii) Zinc.....	11
(iv) Magnesium.....	12
(v) Tin.....	12
(vi) Copper and Brass.....	12
3. Chemicals.....	13
(i) Chlorine.....	13
4. Machine Tools.....	14
C. <i>Transportation</i>	14
1. Shipping and Ship Repairs.....	14
(i) Shipping.....	14
(ii) Ship Repairs.....	15
2. Transport.....	16
3. Transit Facilities.....	16
D. <i>Civilian Durable Supplies</i>	16
1. Motor Vehicles.....	16
2. Construction.....	17
3. Refrigerators, Washing Machines, and other Domestic Appliances.....	17
E. <i>Non-Durable Supplies</i>	18
1. Gasoline and Fuel Oil.....	18
2. Coal and Coke.....	19
3. Hydro Electric Power.....	19
4. Timber.....	20
5. Rubber.....	20
6. Hides and Leather.....	21
7. Cork.....	21
8. Textiles.....	21
(i) Silk.....	21
(ii) Wool.....	22
9. Foods.....	22
(i) Oils and Fats.....	22
(ii) Sugar.....	22
(iii) Butter.....	22
(iv) Bread.....	22
(v) Pork Products.....	23
10. Food and Clothing Trades.....	23
11. Rents.....	23

PRIORITIES AND CONTROLS IN CANADA

I. MACHINERY OF CONTROL

The duty of organizing and mobilizing the resources of Canada for war purposes is vested in the Minister of Munitions and Supply, who is accordingly empowered to mobilize, control, regulate or restrict any branch of trade or industry. He exercises his authority principally through the following agencies:

- (i) Controllers, constituting the Wartime Industries Control Board, who, individually, have wide powers of control and jurisdiction, including the fixing of priorities and allocations, over steel, metals, oil, power, timber, chemicals, machine tools, motor vehicles, construction of and repairs to buildings, ship repairs, transit facilities, and miscellaneous supplies, such as silk and rubber;
- (ii) The Priorities Branch of the Department of Munitions and Supply under a Priorities Officer with wide powers to fix priorities of production, transport and delivery and to issue orders accordingly;
- (iii) Government corporations operating in leather, rubber, silk, wool, and machine tools.

A current re-organization has placed the Wartime Industries Control Board, under the chairmanship of the Priorities Officer, in complete control of the supply and allocation of commodities and materials essential to the war effort. The Board is responsible to the Minister of Munitions and Supply.

The Wartime Prices and Trade Board, whose jurisdiction has hitherto been confined to control and regulation of all necessities of life, was through the same re-organization made the supreme authority in the whole field of price control, including controls established by the Departments of Munitions and Supply, Agriculture, and Fisheries, and by various Federal and provincial boards. In addition, all goods and services not under the jurisdiction of controllers are now subject to the authority of the Wartime Prices and Trade Board which is responsible to the Minister of Finance. The Board presently exercises controls over sugar, coal, hides and leather, wool, oils, and rentals through administrators.

Co-ordination of the policies of the two Boards is to be promoted through interlocking membership, the chairman of each Board being a member of the other, while the controllers become pro tem members of the Wartime Prices and Trade Board when action affecting the goods or services under their jurisdiction is being considered.

Further controls involving restrictions on consumption or production are effected through fiscal policies. The Wartime Prices and Trade Board may also prescribe the terms and conditions for the sale of goods or services on terms of deferred payment or otherwise. Regulations for the control of instalment buying are now being prepared.

II. PRESENT STATUS OF PRIORITIES AND CONTROLS

A. THE SYSTEM OF PRIORITIES

Although the machinery is available for use, if required, to put into operation an automatic formal priority rating system, to date all priority matters have been handled by the controllers or by the Priorities Branch of the Department of Munitions and Supply through direct negotiation with suppliers on what might be termed an informal basis. This so-called "informal basis," however, does not mean a lack of control and direction. The effect of the system of priorities based on direct negotiations with suppliers is that, in Canada, a priority is generally an allocation of specific output with relative assurance of delivery when required.

The successful operation of a priorities system on the foregoing basis requires an internal understanding of the relative urgency of war requirements. Therefore, a broad classification of industries and projects has been drawn up dividing them into various categories, depending on their relative importance in the national war program. This classification was determined with the assistance and advice of an informal advisory committee, composed of representatives of the Departments of National Defence, Finance, National Revenue, Munitions and Supply, and Trade and Commerce, and the Foreign Exchange Control Board. The broad classification is used to determine the priorities in order of their importance between war, essential, and civilian demands.

In addition to the broad classification referred to above, a breakdown or sub-classification of the A-1 category (direct war program) was prepared and agreed to by the Inter-Service Priorities Committee and the Priorities Officer. It has also been approved by the Chiefs of Staff Committee and by the Defence Council. The preparation of this sub-classification was based, to a great extent, on the presently known demands of the United Kingdom authorities, as indicated in their recent representations to the Office of Production Management in Washington. It is considered that these bear close relationship to the order of urgency of the war requirements for the Canadian services. This list operates as an effective guide to the Priorities Officer in the execution of his duties.

Since Canada depends on United States suppliers for many of its requirements of equipment, materials and supplies and owing to the "all out" policy in force in the United States in regard to the issuance of priority rating certificates, it has been necessary to fit contract demands on that country into its priority rating system. Accordingly, under an arrangement authorized by the President, in April, 1941, the Priorities Division of the Office of Production Management, on receipt of applications in the requisite form, rates Canadian prime contracts, either in the United States or in Canada, and when such contracts cover items on the critical list, permits the extension of the respective ratings to sub-contracts leading up to the prime contracts. This type of application is made on United States form PD-5.

Another type of application for the United States preference rating can be made by firms in Canada who require materials from the United States which cannot be directly related to the war program. This type, on an application form known as PD-1, requires a considerable amount of information from the contractor because the authorities in Washington must be satisfied that the contractor actually requires the material, that he has searched the Canadian markets carefully, has endeavoured to farm out parts of the contract and has been unable to secure any substitute or alternative materials or equipment and consequently must get the requirements covered by the application.

From time to time other forms or optional plans may be available which Canadian interests can use to secure from United States sources the necessary scarce materials required for their war production or operations.

B. WAR SUPPLIES

1. IRON AND STEEL

A Steel Controller was appointed in June, 1940, and in July the prices of iron and steel were frozen. Since that time the only change has been in the price of steel castings which was increased $7\frac{1}{2}$ per cent in September, 1940.

Before the war Canada had a steel capacity of about 1.8 million long tons; this has been increased to about $2\frac{1}{2}$ million long tons, and by the end of the first quarter of 1942 capacity will approach 3 million tons. Despite large imports from the United States, the increased capacity has been insufficient to meet domestic requirements and the Steel Controller has instituted informal preference classifications. This allowed essential industries to obtain steel, but the shortage became so acute that in August, 1941, steel mills were instructed to deliver steel in certain forms only to essential war industries (with a few obvious exceptions), unless otherwise authorized by the Steel Controller.

Further control is now exercised through the submission of rolling schedules of mills for approval by the Controller. Other means have been taken to increase the efficiency of the steel industry as a whole. For example, structural steel shapes have been standardized and reduced in number from 267 to 70.

More severe regulations were put into effect on pig iron. On June 9, 1941, all orders for pig iron were cancelled and from that time orders had to be forwarded to the Steel Controller for approval on a preference basis. Up to the present all requirements have been met.

Apart from the orders of the Steel Controller, the civilian use of steel has been limited by the operations of the Construction Controller, the Machine Tool Controller, and the Motor Vehicles Controller.

2. NON-FERROUS METALS

The supply, distribution and use of all non-ferrous metals, industrial minerals and common metal alloys are administered by the Metals Controller.

In regard to the principal base metals, aluminum, nickel, copper, zinc and lead, Canada is in the position of being a large producer, far in excess of domestic requirements, and a large exporter. In the case of copper and zinc, all tonnages in excess of domestic requirements are under sale contract to the United Kingdom.

In Canada the domestic use of aluminum, nickel, zinc, magnesium, tin, copper and brass have been restricted. The procedure and the results of such curtailments are detailed in the following pages. These metal curtailment programs make it necessary for a great number of consumers, distributors and producers to submit monthly data to the Metals Controller's office.

All non-ferrous metals and common metal alloys, either in ingot or semi-fabricated form, as well as industrial minerals, require export permits which must be approved by the Metals Controller. These exports are all carefully scrutinized and applications for non-essential use are refused or reduced. Every effort is made to see that no exports are allowed that would replace markets which United States manufacturers cannot supply due to their curtailment policies. Consideration is also given to the fact that war needs of the United

Kingdom must have priority. No exports are allowed of zinc, aluminum and nickel scrap or dross, while exports of secondary copper or brass are limited to those lots that cannot be treated in Canada. If the export of such materials is required for essential or war use in either British or friendly countries, the export permits may be approved, subject always to the domestic supply and consumption situation.

(i) *Aluminum*

In Canada there is only one producer and distributor of primary aluminum: the Aluminum Company of Canada, Limited.

The first step in aluminum control, taken in August, 1940, was to ban the use of the metal for electrical conductors, and as a result the Aluminum Company itself had to use copper bus bars for its own plant extension. At the same time, manufacturers of aluminum cooking utensils and foil rollers were notified that supplies of primary aluminum would not be available for those purposes.

The Aluminum Company fills war orders for primary metal, if a war order number is given. All other orders are referred to the Metals Controller, who either approves or rejects them.

In July, 1941, control and curtailment were extended to secondary and scrap aluminum. There has as yet been no need to take any mandatory action on prices for secondary or scrap aluminum. All foundries and secondary refiners refer orders for secondary aluminum ingots or castings to the Metals Controller for approval, unless they carry direct war order numbers or are for authorized essential industries.

The use of aluminum as a deoxidizer has been eliminated in the production of shell steel. Calcium manganese silicon is almost entirely being substituted. For ordinary steel deoxidizer low grade aluminum is now used in place of virgin aluminum.

The use of aluminum powder is being strictly rationed for essential needs or for purposes where no substitute is practical.

The washing machine industry has pledged itself to reduce its consumption of aluminum equivalent to 35 per cent below the current 1941 consumption rate.

Summarized, the progress accomplished in the restriction of the use of aluminum to essential and war purposes in Canada is shown in the following generalized figures:—

	Essential and war consumption Per cent	Non-essential consumption Per cent
1940	73	27
1941	98	2

(ii) *Nickel*

The International Nickel Company of Canada is the only producer and distributor of primary nickel in Canada, and prior to any official action, this company in co-operation with the Metals Controller had already taken steps to exercise a measure of control in the domestic consumption of the metal. The Metals Controller has instructed the sales department of this company to restrict the use of nickel as far as possible to war industries. For this purpose, arrangements have been made to record and control the priority allocation of nickel and nickel-bearing alloys.

Consumption of nickel for essential and war purposes has resulted in only a slight amount being available for other uses. In 1940, about 60 per cent of the nickel consumed in Canada was used by the essential and war industries.

In the first six months of 1941 this proportion had increased to 85 per cent. For example, the silverware manufacturers some months ago agreed that the nickel content of nickel-silvers should be reduced to 12 per cent from 18-21 per cent, effective September 1, 1941. The sale of nickel silver is restricted to 1940 requirements and includes a very considerable amount of material required for Government orders.

The use of nickel for heavy and light armour plate, that is, plate from 15 to 60 mm. thickness, has now been eliminated in Canada. An investigation is being made into the possibility of producing gun steel with no nickel content and test heats are now being run in that connection.

All nickel customers in Canada complete a monthly form, outlining the ultimate use and destination of the nickel they purchase, the latest delivery date, and government war order numbers.

(iii) *Zinc*

In Canada there are only two producers of primary zinc, Consolidated Mining and Smelting Company and Hudson Bay Mining and Smelting Company, and the selling agency of both companies is the same. The Metals Controller works closely with this agency in scrutinizing and regulating the sale of primary zinc and he can always bring companies into line by controlling the supply of metal from this single source.

Curtailment of domestic consumption of zinc in Canada was started in May, 1941, at which time the Metals Controller called together representatives of the following industries: die casting, galvanizing, battery manufacturers, paints and congoleum, rubber and cables.

It is difficult to give an exact figure on how much the die casting industry will be reduced because a substantial proportion of the total tonnage is now used to make fuzes and shell plugs, etc. There has been a considerable saving, however, brought about both by the restriction in the manufacture of passenger cars, and by the reduction of the amount of zinc allowed in each car. All exports have been cut off and non-essential products have been severely curtailed.

While the use of zinc oxides in paints has been set at approximately 50 per cent of the estimated 1940 requirements, paint manufacturers have been notified that the objective is the elimination of zinc paints except for essential services. The rubber industry's curtailment is based on its 1941 consumption estimate, which is about 50 per cent greater than in 1940, and further reduction is contemplated.

Arrangements have been made through the National Research Council for substantial reduction of zinc oxide specifications in both rubber and paint compounds in government contracts.

Lithographing and engraving companies have been curtailed 25 per cent of 1940 consumption. Control is worked through the eight distributors of zinc plate. Consumers have been circularized through their various associations. Accumulations of plates containing zinc have been directed back into the regular scrap channels.

The washing machine industry has pledged itself to reduce its consumption of zinc equivalent to 35 per cent below the consumption rate in the first six months of 1941.

Curtailment in the use of zinc oxide has been brought about by the formation of a Zinc Oxide Committee, which acts under the authority of the Metals Controller and is comprised of all principal producers and distributors in Canada. This Committee meets regularly to allocate available supplies of zinc oxide to the most essential purposes on the basis of curtailed quotas set up for each type of consumer.

Summarized, the progress expected from the institution of zinc curtailment is shown by the following generalized figures:—

	Essential and war use Per cent	Non-essential use Per cent
1940	36	64
1941	75	25

(iv) *Magnesium*

The consumption of magnesium in Canada is reserved strictly for essential war uses. The entire Canadian supply of magnesium metal was contracted for in the United States by the Aluminum Company of Canada Limited, with the knowledge of the Department of Munitions and Supply. After the Aluminum Company's requirements of metal are met, the balance of the supply is turned over to the Canadian Government at the purchase price. The Aluminum Company of Canada uses magnesium for production of aluminum alloys, the major portion of which goes into the manufacture of aircraft, leaving a small balance for other war requirements. The Department of Munitions and Supply in collaboration with the Metals Controller rations the remainder of this supply. Practically all of this balance is used for flares, shell filling, night bombs and regular pyrotechnics. A very small quantity is released for castings and die-cast alloys, most of the latter being die-cast zinc fuzes.

(v) *Tin*

A reduction of 10 per cent in the coating of tin plate for most purposes has been made in conformity with steps taken in the United States.

Meetings were first held with the tin plate manufacturers, the tin can manufacturers, and the canning industry, at which meeting the Food and Drug Laboratory, Department of Pensions and National Health, was represented. An Order in Council covering the canning of food products was issued by the latter Department, under the War Measures Act, in connection with this reduction of tin coating.

The tin plate manufacturers have been asked also to substitute terne plate or enamelled black iron sheet wherever possible. This substitution and the reduction in tin coating are expected to result in a substantial saving of metal.

The increase of tin consumption in the current year is attributed in part to war production and in part to the increased demand for substitute composition foil. Reductions have been made in the tin content of composition foil for packaging, and manufactures of collapsible tubes.

All supplies of tin must now be obtained from Singapore, Malaya, or the Dutch East Indies. In view of the situation in the Far East, and the difficulties of obtaining steamer space for the transport of supplies from distant points, it is essential that every possible saving be undertaken to conserve our available supplies.

(vi) *Copper and Brass*

Curtailment in brass and copper was instituted several months ago by the Metals Controller through the surveillance of export licences and through informal understanding with principal producers and fabricators. More formal methods are now being adopted, so that consumption of brass and copper for non-essential purposes will be reduced. Control is being effected through primary fabricators. In Canada there is only one primary fabricator of commercial brass, Anaconda American Brass Company Limited, and two primary fabricators of copper and wire, Canada Wire and Cable Company, and Phillips Electrical Works.

These three companies have been placed on a quota basis in regard to delivery of copper metal, and they will be required to allocate their quotas to assure preference for essential purposes. Thus, curtailment will be passed along to secondary fabricators of copper and brass utilizing these primary metal products, and, as a result, restrictions of use for commercial purposes will be effected.

In addition, the use of copper for roofing and eavestroughing, etc., has been eliminated, although permission is granted to complete unfinished jobs. New orders of copper for these purposes, even after acceptance, are to be cancelled unless the material is in the process of manufacture.

In 1940, about 55 per cent of the brass consumed was used for non-war purposes. In 1941, only about 12 per cent of the total will find its way into such channels.

3. CHEMICALS

The supply and distribution of chemicals in Canada are in the hands of the Chemicals Controller. In general, chemicals are in short supply for all items which were previously imported from the United States or from the United Kingdom. A measure of rationing has, therefore, been necessary in several important items. The problem, however, is primarily one of providing additional production.

No anti-freeze with an ethylene glycol base will be available for ordinary consumers this winter. In the past, ethylene glycol has been imported from the United States, but due to the demands for the United States army and lease-lend contracts, manufacturers have not been able to send anything like normal quantities to Canada.

The foregoing also applies to all chlorine products and to sulphuric acid. Formaldehyde is very tight and all materials used in the plastic industry are likewise scarce. Coal tar chemicals are similarly difficult to obtain.

Toluol in Canada has been rationed for some time due to the demand for explosives, and no civilian manufacturer can obtain a supply.

(i) *Chlorine*

In order to meet the expanding requirements of war industries, the distribution, consumption and use of chlorine is to be controlled under an order of the Chemicals Controller, which became effective on October 6, 1941.

Exemption is provided for the use of chlorine for bacteriological purposes and also for pulps with not less than 90 per cent alpha cellulose content, dissolving pulps, and nitrating pulps. Pulps in which chlorine is a processing rather than a bleaching chemical also are exempt, but applications for exemption must be submitted in writing, together with supporting facts, to the Chemicals Controller.

The new regulation provides that the brightness of bleached sulphite and bleached sulphate shall not exceed 76; similarly, the brightness of soda pulp and waste paper when used for conversion into bleached paper shall not exceed 74.

For the purpose of bleaching rag stock, the order states further that no pulp or paper manufacturer shall consume in any quarter commencing October 1, 1941, a greater amount of chlorine per ton of rag stock treated than 80 per cent of his consumption in the six months ended July 31, 1941. Similarly, for the purpose of making semi-bleached wood pulp, quarterly consumption of chlorine per ton of semi-bleached wood pulp made shall not exceed 70 per cent of per ton consumption in the six months ended July 31, 1941.

The order prohibits any change in the proportion of bleached, semi-bleached, and unbleached pulps in the making of any specific grade of paper, "until adequate brightness standards for paper are established," or any increase in the brightness of any paper beyond that now in effect.

To prevent competitive advantage, it is also ruled that "persons making their own chlorine supply shall conduct their operations that the resulting effect on the pulp and paper they make shall be similar to that obtaining in other mills under this order."

4. MACHINE TOOLS

The Machine Tools Controller has wide powers to buy, acquire, distribute, sell, exchange, and generally deal in machine tools. He also has power to take possession of any machine tool owned by corporations or individuals. He may fix maximum and minimum mark-ups, issue permits and licences, secure information, and generally exercise wide authority. Most of the machine tools bought for the war program are financed by the Dominion Government. These are bought through a Government-owned company, Citadel Merchandising Company. Privately-owned machines may be bought direct, but no purchases, sales, or transfers, can be effected without the authority of the Machine Tools Controller.

Exports of machine tools can only be effected under licence. Import permits are required for privately imported machines.

In November, 1940, the Machine Tools Controller prohibited the production of new models of refrigerators, stoves, furnaces, washing machines, typewriters, and similar equipment which required re-tooling, although application may be made to the Controller for slight alterations in design which will not require substantial changes in machinery. Production of such durable goods has also been reduced by heavy excise taxes.

Machine tools bought on Government account are under the direct control and supervision of the Machine Tools Controller. Inspection is carried out to see that these machines are being used to their maximum effectiveness.

Although Canada has increased machine tool production some 800 per cent, about four-fifths of its requirements must be imported from the United States. This necessitates close co-operation between the Machine Tools Controller and Washington officials and in practice such co-operation has been very satisfactory.

C. TRANSPORTATION

1. SHIPPING AND SHIP REPAIRS

(i) *Shipping*

Immediately upon the outbreak of the war, all Canadian merchant shipping was brought under Government control and during the intervening period, this industry has felt as much or more than any other the curtailment and sacrifices demanded in the national war effort.

On September 5, 1939, the Canadian Ship Licensing Board was established, and it was provided that all Canadian merchant vessels of over 500 tons engaged in foreign trade could undertake no voyage without obtaining a licence. The purpose of this was to insure that such small merchant marine as Canada possessed would be employed to greatest advantage in the prosecution of the war.

In December, 1939, the Canadian Shipping Board was established and the Ship Licensing Board was incorporated in it. The Board was given wide general powers over all Canadian shipping and in the spring of 1940 it issued orders

under which no Canadian person, private or corporate, could purchase or charter any vessel exceeding 500 gross tons without the approval of the Board's Director of Shipping.

The Board's charter control was used as an instrument for co-operating with the British Ministry of War Transport, especially in the latter's early efforts to place a ceiling on charter rates, and, as from August 1, 1941, more stringent ceilings on these rates, similar to those established by the United States Maritime Commission on the same date, were put into effect. The co-operation of the United States in this field has been of great assistance in curbing the wartime inflation of shipping rates.

The following brief notes will indicate something of the contribution which Canadian shipping has made to the war effort:

- (a) All steamship services out of Canadian ports with the exception of those to the United Kingdom have been badly depleted and in some cases entirely denuded of vessels. This was due partly to the requisitioning of British ships by the British Ministry of War Transport and partly to the fact that the largest vessels on the Canadian register were turned over to the United Kingdom Government.
- (b) Practically all of Canada's sea-going merchant marine has been placed in war service. Several have been lost.
- (c) Apart from ocean-going vessels a large number of Canadian Great Lakes vessels have been sent across the Atlantic for service in the United Kingdom.
- (d) An appreciable number of Lake vessels have also been withdrawn on direction of the Shipping Board from the carriage of Canadian cargoes and allocated to assist in the movement of American Lake Superior ore.
- (e) An appreciable number of canal-type inland navigation vessels have already been converted and directed by the Board to deep sea work, carrying essential materials for Canadian war industries and construction materials to such regions as Newfoundland for defence projects.
- (f) Preparations are being made by the Board to withdraw every serviceable vessel capable of deep sea work from the Great Lakes during the coming winter and it is expected that a number of these will be allocated, in collaboration with the United States Maritime Commission, for American coastal service.
- (g) Smaller Canadian vessels, such as salvage vessels and towage tugs, have been or are about to be withdrawn by the Board from Canadian service and sent across the Atlantic to the United Kingdom.

(ii) *Ship Repairs*

The Controller of Ship Repairs gives priority at all times to merchant vessels engaged in the trans-Atlantic service and to naval repairs. Vessels in the coastal services are only given drydock service when there are no demands from trans-Atlantic vessels.

Major damage repairs which will tie up a drydock for several weeks are sometimes held up until routine dry dockings are carried out on several vessels, the object being to make available the greatest volume of tonnage for loading cargo.

2. TRANSPORT

A Transport Controller, acting under the direction of the Minister of Transport, was appointed in November, 1939. He is authorized to deal with all applications for preference or priority of movement of troops, materials or supplies by rail or water in Canada, and by sea from Canada to outside destinations.

No restrictions or priorities are imposed on domestic movements of freight, but before commercial shipments for overseas can be moved, a permit must be obtained from the railway. Railways will issue such permits only when space is actually available on a ship. War supplies and Government shipments are given preference, the Ministry of War Transport of the United Kingdom ruling on priorities for all overseas traffic, while cargo space for such supplies and shipments is arranged by the Transport Controller.

3. TRANSIT FACILITIES

A Transit Controller was appointed in August, 1941, with powers of control over agencies transporting passengers for hire, including tram cars, buses and ferries. He has the power to issue and cancel permits or licences and to fix schedules of fares or rates. He may also regulate the parking of vehicles.

The Transit Controller is further empowered to stagger working hours in order to relieve transportation congestion. He may accordingly order any employer to arrange or alter the hours of employment of his employees in order to assure that such proportions as the Controller may fix will, as far as possible, arrive at or depart from their places of employment at such times as may be directed. Plans for the staggering of hours of employment in a number of municipalities are now being drafted.

D. CIVILIAN DURABLE SUPPLIES

1. MOTOR VEHICLES

In 1941 Canada is expected to produce about 281,500 motor vehicles, of which about 139,500 will represent military vehicles of all types, including universal carriers.

In order to effect maximum co-ordination of the industry, a Controller was appointed in February, 1941. One of the first steps of the Motor Vehicles Controller was to reduce production of passenger cars during the last nine months of 1941, and in 1942, as follows:—

- (1) Using the United States dollar content of passenger cars manufactured in Canada for the domestic market during the nine months ending December 31, 1940, as a base, the Controller ordered that for the last nine months of 1941 the total United States dollar content must not exceed 80 per cent of that of the last nine months of 1940;
- (2) For 1942, passenger cars manufactured in Canada for the domestic market must not exceed 44 per cent of the 1940 production.

This curtailment is expected to result in the following productions of passenger cars for sale in Canada:

1940 (No direct restriction)	94,633
1941	82,678
1942	41,638

The excise taxes* and the relatively heavy United States content of the larger cars have resulted in sharp curtailment in the production of larger models. Severe import quotas (20 per cent of 1940 money values) have also reduced the availability of such vehicles. In addition the Motor Vehicles Controller has prohibited the manufacture after July 5, 1941, of any white-walled tires except under special licence.

2. CONSTRUCTION

In May, 1941, the Priorities Officer was given authority to control new construction, repairs to buildings, expansion of the existing facilities and/or replacement of equipment not essential to the successful prosecution of the war, and it was decreed that:—

No person shall after the 29th day of April, 1941, without a licence from the Priorities Officer (now the Controller of Construction):

- (1) Install in any plant or building equipment exceeding \$5,000;
- (2) Construct any building or buildings exceeding \$10,000;
- (3) Make repairs or extensions to any building or buildings exceeding \$2,500.

Exempt from this order, however, are one, two, and three-family dwellings; buildings or structures used by primary industries, railroads, and transportation companies; Government buildings; and churches, hospitals, and educational institutions directly or indirectly financed by, or controlled or supervised by, a Provincial Government.

The powers of the Priority Officer in the foregoing matters have since August, 1941, been vested in the Controller of Construction.

A policy of gradual curtailment has been followed. Where contracts were let and commitments made prior to April 29, such construction has generally been allowed to proceed. But applications for licences for new projects and new construction are being scrutinized in an effort to ascertain whether such projects are essential or advantageous at this time, and whether the type of construction could be modified to conserve scarce materials. The granting of a licence, however, does not confer on the licensee any priority rights as to the delivery of equipment, materials or supplies required to complete the project.

3. REFRIGERATORS, WASHING MACHINES AND OTHER DOMESTIC APPLIANCES

In November, 1940, as already pointed out, the Machine Tools Controller prohibited the production of new models of refrigerators, stoves, furnaces, washing machines, typewriters, and similar equipment which required re-tooling. The production and sale of these goods were also affected by heavy excise duties.

Effective October 1, 1941, by order of the Controller of Supplies, the domestic production of radios, refrigerators, stoves, vacuum cleaners, and electric washing machines will be reduced to 75 per cent of the 1940 output. This order is preliminary to a more substantial curtailment. In any event, there is no guarantee that the materials will be available for production of these appliances even on the lower production basis.

* Passenger cars valued at \$900 or less, 25 per cent; over \$900 but not more than \$1,200, 25 per cent on \$900 plus 40 per cent on the amount in excess of \$900; over \$1,200, 25 per cent on \$900 plus 40 per cent on \$300 plus 80 per cent on the amount in excess of \$1,200. Automobiles adapted for passenger use with seating capacity for more than ten passengers, 5 per cent.

The program of curtailment of production of consumers' durable goods will make available additional skilled labour and large supplies of materials for war production.

E. NON-DURABLE SUPPLIES

1. GASOLINE AND FUEL OIL

The following are the steps which have been taken by the Oil Controller, appointed in June, 1940, to conserve gasoline and fuel oil in Canada:—

- (1) No new service stations (or gasoline outlets) may be erected (August, 1940).
- (2) No additional gasoline pumps or storage tanks may be sold or installed for retail sales purposes (August, 1940).
- (3) No oil-burning equipment using over 4,000 gallons of imported fuel per annum may be installed (September, 1940). In June, 1941, this prohibition was amended to include all oil-burning equipment.
- (4) No retail dealer may switch his distributor without a Government order, and no concessions or advantages may be granted (April, 1941).
- (5) Hours of sale are restricted to 7 a.m. to 7 p.m. on week days with no sales on Sundays. No credit cards at the credit risk of the distributor may be used by Canadian residents. No consumer may buy in large quantities at a lower price than a retail dealer (July 17, 1941).
- (6) Gasoline may be sold only for cash and delivered to the tank of the consumer.
- (7) Effective the last week in August, 1941, gasoline dealers only received 20 per cent of the quantity they had been allowed in the full month of July. In September they received 75 per cent of their July supply, while the quota for October is 80 per cent of deliveries in October, 1940, subject to minor adjustments. Having regard to the preference given doctors, police, ambulances, farmers, mechanized equipment, etc., the reduction in sales to private cars will be substantially greater than the actual curtailment in supplies.
- (8) Only two grades of gasoline are available to consumers since October 1, and purchasers of 20 gallons or more must be provided with a detailed invoice.
- (9) By means of wide-spread publicity and with the active co-operation of the oil companies an appeal has been made to the Canadian public to reduce non-essential gasoline consumption by 50 per cent. Department stores and others have reduced deliveries, cutting consumption as much as 18 per cent and 20 per cent.
- (10) Through increased prices and other means domestic production in Alberta is being stimulated. Further relief will also come from the new pipe-line which is being laid from Portland, Maine, to Montreal, and which should be completed by the end of the year.

Some months ago refinery runs in certain refineries were changed to give maximum yields of heavy and light oil. Gasoline became a by-product. In other refineries the runs were not changed to the same extent, as they draw crude from the Mid-Continent field where a heavy crude cannot be obtained.

All pipelines, tankers (ocean and lake) and tank cars owned or controlled in Eastern Canada, have been pooled. Stocks on hand and under contract are

also pooled. Distributors operate on a quota basis. To facilitate operation a seven-man committee was appointed by the Minister of Munitions and Supply. It consists of the presidents of each of the Eastern refineries, and a representative of the largest importer of gasoline. A similar committee has been formed on the Pacific Coast.

In addition to the foregoing steps, the Oil Controller has formed a committee of the industry to assist him in dealing with specific problems.

2. COAL AND COKE

Coal and coke are under the supervision of the Coal Administrator of the Wartime Prices and Trade Board. The Administrator was "rationalizing" the distribution of coal to a limited extent before the spring of 1941, but has been doing so on a broadening scale since then. Convoy bunkers and essential war industries and services have been given first call on all superior grades of coal. Non-essential services have been entirely cut off from such grades (e.g., Springhill) and compelled to get along with other types of coal.

For more than a year no Nova Scotia coal has been allowed to move west of Montreal. This has meant larger imports of United States bituminous coal into Ontario and substantial net Canadian savings on transportation. More recently, reduced production in Nova Scotia, resulting from the "slow-down", has compelled the Administrator to prohibit for the time being the movement of any coal out of the Maritime Provinces excepting only supplies to certain essential war industries.

The Administrator is increasingly using his powers to direct individual industrial consumers to take their coal from designated mines.

The Administrator has taken full charge of the allocation of coke supplies. Canadian coking plant output is being carefully integrated with available imports. Many non-war industries have been told that they can have no more coke and must adjust their combustion plants to other fuels. There will be very little larger sized coke available for household heating.

3. HYDRO-ELECTRIC POWER

A Power Controller was appointed in August, 1940. The following methods have been adopted in connection with rationing, curtailment and control of electric power in Canada:—

- (a) Daylight Saving was made applicable all the year round in the provinces of Ontario and Quebec.
- (b) All use of electric power for steam purposes was banned and coal boiler installations made, thereby making the power hitherto used for steam purposes available as primary power for war industry.
- (c) In various localities control devices have been installed or extended on domestic water heating systems so as to automatically shut the power off during certain hours of the day.
- (d) Certain non-war industries have been forced to reduce takings during peak hours in certain sections.
- (e) In the central areas all power systems have been inter-connected so as to permit excess power in one part of the country to be used in other areas where there was a deficiency.
- (f) A special conduit has been built across Montreal permitting kw. hrs. produced from St. Lawrence water, which has a steady flow, to be transmitted from 12 midnight to 6 a.m., as well as during other hours in the summer, to the interior areas which are dependent on storage, thus enabling that storage to be preserved for the greater winter demand.

- (g) A method of mixing propane with natural gas and also with artificial gas has been developed which enables a large number of industries in the southwestern Ontario areas to use gas heat in their processes and thus eliminate the heavier demand for industrial electricity.
- (h) Studies are in process in certain areas looking towards the elimination of display signs and window lighting and also to the staggering of hours, the latter in co-operation with the Transit Controller.
- (i) Various improvements in plants have been insisted upon to get maximum production of power from all capacity.

4. TIMBER

A Timber Controller was appointed on June 24, 1940. One of his first tasks was to organize the industry so that centralized buying for Government projects could be effected as economically as possible. In addition, the Timber Controller has been instrumental in bringing about a more efficient use and substitution of lumber so that the strain on other materials, such as steel, might be relieved. This policy has resulted in considerable saving on Government construction by more discriminating use of lumber. It has also been possible to maintain and increase exports of higher grade timber.

In order to stabilize prices under the keen demand for war purposes, the Timber Controller has set maximum prices at which it is legal to sell lumber, wood shingles and millwork by all those engaged in dealing in these products in Canada for Canadian consumption. These maximum prices do not apply to the export business. The general principle is to leave control of prices largely within the industry itself and district committees have been set up to police the industry under the Timber Controller.

As a result of a recent difficulty in securing certain structural and construction timber for war projects, particularly from British Columbia, a request can now be made for urgent requirements to the Timber Controller who will issue a demand order for such timber to be shipped (1) on a specified date; (2) within 30 days; (3) within 45 days; and, (4) as early as possible, depending on the urgency of the case. These orders apply only to the Pacific Coast. In Eastern Canada no priority or rationing has been necessary.

5. RUBBER

The supply and distribution of rubber in Canada is in the hands of the Controller of Supplies. There is only one purchaser of crude rubber for all Canadian requirements, both civil and military, the Fairmont Company Limited, which is Government-owned.

The curtailment in the production of passenger cars is materially reducing the use of rubber for that purpose. The output of passenger cars for sale in Canada has been curtailed this year as compared with 1940 production, and next year it will be reduced to 44 per cent of the 1940 total. The manufacture of white-wall tires was stopped some time ago by order of the Motor Vehicles Controller. A further substantial reduction has been caused by the loss of civilian export markets, due to the war.

The curtailment now being enforced in the domestic consumption of gasoline will also reduce the consumption of rubber in Canada. This gas rationing is only now gathering pace.

Consumption of crude rubber for civilian purposes is also being directly reduced to 70 per cent of the monthly average used in the year ended last May 31, under an order by the Controller of Supplies. The reduction will be gradual,

beginning with 10 per cent in October and an additional 5 per cent in each following month until the full 30 per cent reduction is effective on February 1, 1942. An advisory committee composed of representatives of leading rubber and rubber processing companies advises the controller as to the allotments to processors on this restricted basis. The order requires that all war needs of crude rubber must be supplied first, after which releases may be made to dealers. The surplus, if any, is placed in storage against future emergencies.

All supplies of crude rubber in Canada are available to processors from the Fairmont Company, which releases the rubber under direction of the Controller of Supplies on information assembled by the advisory committee.

6. HIDES AND LEATHER

The Leather Administrator has an understanding with the trade that military orders get complete priority in quantities and deliveries. Absence of any shortage of supplies has made unnecessary any action to enforce this policy.

7. CORK

Cork was recently declared a commodity essential to the war effort and placed under the jurisdiction of the Controller of Supplies. Regulations under which cork may be dealt in and used will be issued shortly.

8. TEXTILES

(i) *Silk*

In October, 1940, a government-owned company, Plateau Company Limited, was formed to deal in "goods, wares, and merchandise, materials and commodities considered necessary or expedient or incidental to the production of munitions of war and supplies." The Company's principal function has been to act as agent for the purchase of silk for war purposes with emphasis on qualities suitable for the manufacture of parachutes.

The Plateau Company had no authority to curtail civilian consumption of silk. This was regulated through the War Exchange Conservation Act, effective December 2, 1940, which prohibited the importation into Canada of "silk cocoons, raw silk, rags and wastes of silk" except under permit. No permits were issued for imports of silk for apparel except hosiery. The supply for hosiery, for sale in Canada, was cut down gradually by means of quotas based on imports for the twelve months ending November 30, 1940. To the end of February, 1941, the quota was 100 per cent; thereafter, to the end of May, 75 per cent. For the four months ending September, the quota was to have been 50 per cent; and thereafter, to the end of the year, 40 per cent. The industry itself arranged its own production quotas. Export business was not restricted. Permits for other industries were granted only where such imports of silk were for essential war purposes.

On August 9, 1941, all private stocks of raw silk were frozen by the Government and control placed under the Controller of Supplies. Silk on which throwing (twisting into threads) had been completed was excluded. But "throwing" operations and all prior processes ceased. Silk which had already been thrown could be carried to completion in finished goods.

The Controller of Supplies, in conjunction with the industry, is cushioning a possible let-down in the silk-hosiery industry by an aggressive co-operative effort to secure satisfactory substitutes for raw silk.

(ii) *Wool*

During the first year of war there was a serious shortage of crossbred wool. All available supplies were controlled by the Wool Administrator, and after military contracts and such essential requirements as paper-makers felts were met, little was available for ordinary civilian use.

Since that time the supply of crossbred wools has been more plentiful, but is still less than sufficient to meet all civilian demands. The Administrator continues to control the allocation of supplies in accordance with the national interest.

Rags and waste are controlled by the Administrator through a committee of the trade.

9. **FOODS**

The Wartime Prices and Trade Board has under its supervision the distribution and sale of all important consumer commodities, and has endeavoured to forestall shortages. In certain cases it was found necessary to fix prices to cover periods of temporary shortage, and in other instances the desired results have been achieved through consultation.

Specific action has been taken along certain lines as follows:—

(i) *Oils and Fats*

Manufacturers of shortening are being requested to change over to a blended shortening in place of the pure vegetable shortening.

Under the War Exchange Conservation Act, all importers of vegetable oils are being restricted to 104 per cent of their average 1938-1940 imports for the eighteen months July 1 to December 31, 1942.

Oils from Empire sources which involve no hard currency payments are not included in this quota, but for shipping reasons very little such oil is available. Oil expressed in the new copra plant in Vancouver is considered part of the quota.

(ii) *Sugar*

In October, 1939, the Board required industrial users of sugar to turn back considerable parts of their inventory stocks to meet the demands of household consumers.

Since that time there has been no shortage, but, in view of possible further shipping difficulties, the Board has on file a complete and detailed rationing plan. It would require about eight or ten weeks' notice to put the plan into operation.

(iii) *Butter*

In the winter of 1940-41, the Board appealed to all hotels, restaurants, etc., to serve each customer with not more than a half-ounce pat and to serve a second portion only on specific request. The public generally was asked to avoid waste. The response was most satisfactory.

(iv) *Bread*

The Board has prohibited the sale of sliced bread, the special delivery of bread, and the use of fancy or double wrappers on bread, with a view to controlling costs.

(v) *Pork Products*

While the Wartime Prices and Trade Board is in control of prices, the Department of Agriculture, operating through a number of boards, is in charge of food production in wartime. In order to increase the supplies of Canadian food to be shipped to the United Kingdom, campaigns have been introduced for a voluntary reduction in bacon and cheese consumption in Canada.

The number of hog carcasses that can be sold on the domestic market each week has been drastically limited, and the domestic consumption of pork products has been reduced by about 35 per cent. Furthermore, such products can no longer be exported to any country other than Great Britain or British possessions, except under licence.

10. FOOD AND CLOTHING TRADES

Canada's entire food and clothing trades—all dealers, manufacturers, processors, wholesale and retail distributors of food products, clothing, and footwear, including all restaurants and eating places—are to be placed under licence before the end of 1941.

This licensing plan, under the jurisdiction of the Wartime Prices and Trade Board, will provide the machinery for policing prices and for securing information necessary for the allocation of supplies in the event of shortages arising from dislocated shipping and other war conditions or the necessity of curtailing domestic consumption to meet emergency demands from Great Britain or the Allies.

Over 200,000 food and clothing dealers are likely to be affected by the licensing program which has been under consideration for some months past. In working out final details of the licensing system the Board will be consulting with representative industrial and trade groups. No fee will be charged for a licence, but as from the effective date of the proposed Order no person will be entitled to engage in any of the lines of business covered by the Order unless he has registered with and taken out a licence from the Wartime Prices and Trade Board.

This licensing program is one of the first major steps to be taken by the Wartime Prices and Trade Board under its recently revised and extended powers. Under these powers the Board can prescribe the terms or conditions of sale of any goods or services, can fix or limit the quantities that may be bought or sold, and, in addition to the power to license, may suspend or cancel a licence where, in the opinion of the Board, the licensee has failed to comply with any Board order or requirements.

11. RENTS

Rentals in a large number of congested areas, adjacent to military camps or where war industries are established, are controlled by the Rentals Administrator under the Wartime Prices and Trade Board. Rentals have been frozen as of a certain date, and the Board has established local Rentals Committees, generally consisting of or presided over by a judge, to hear appeals in individual cases.

